



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, October 16, 2018

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

- PRESENT:** Linda Dillenbeck, Chairperson
Carl Grupp
Sherry Henry
Ken McKenzie
Richard Newman
- ABSENT:** Camille Hill, Vice Chair
David Winter
- STAFF:** Karen Churchard
Steve Geiogamah
Ana Lia Johnson
Brent Stockwell
Paul Basha
- GUESTS:** Chris Lyman, Parada del Sol Parade
Andrew Maguire, ArtFest of Scottsdale
Frank Maguire, ArtFest of Scottsdale
Rachel Sacco, Experience Scottsdale

1. Call to Order/Roll Call

Chair Dillenbeck called the meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m., and noted the presence of a quorum.

2. Approval of Minutes

- September 18, 2018 Regular Meeting Minutes

COMMISSIONER MCKENZIE MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE TOURISM DEVELOPMENT COMMISSION ON SEPTEMBER 18, 2018 AS PRESENTED. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 5-0 WITH CHAIR DILLENBECK, COMMISSIONERS GRUPP, HENRY, NEWMAN MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

3. Old Town Matching Marketing Program

Karen Churchard, Tourism & Events Director, reviewed that during the last meeting, there was discussion regarding ideas and input from the Commission. One item of correction was made, which was to have a limit of one application per lead organizer per year. Next steps include having the City Attorney's Office review the criteria, eligibility and application. She invited final comments from the Commission.

Chair Dillenbeck quoted from the second page, "provide matching marketing funds through a reimbursement of qualifying paid marketing expenses." She asked whether additional verbiage was needed, such as "value added or trade does not apply," or whether the fact that it says paid is sufficient. Ms. Churchard surmised that "paid" is sufficient, however there can be discussions about how this is handled with other applications and "trade" can be added, if desired.

Chair Dillenbeck referenced disbursement of funds and quoted, "The remaining 25 percent payment within 20 days of final invoice, barring successful receipt of all reporting." The word "barring" is incorrectly used and should say something like "Upon completion of a compliance report." Chair Dillenbeck noted that 75 percent is being provided up front and asked what happens if there is no fulfillment on the obligation. Ms. Churchard acknowledged that recourse is fairly limited.

Chair Dillenbeck referred to the page containing "application and approval process." In the second bullet point the highlighted sentence "Lead organizer/organizers" is confusing as to what the difference is. Ms. Churchard stated that this is a good point. The thought process was that either one entity could apply with other partners, or it could be an association.

Chair Dillenbeck suggested clarification on "once per year" to define it as calendar or fiscal.

Chair Dillenbeck pointed out that the next bullet point at the end states "does not qualify from receiving event matching event funds." Ms. Churchard explained that if the entity applies for marketing matching funds, they could still apply for event funding. Staff will edit this sentence.

Commissioner Grupp inquired as to any obstacles to qualifying for different funding sources. Ms. Churchard stated this has already occurred with the Scottsdale Gallery Association, in that they received an event funding recommendation from the Commission for the ArtWalk Series. They also received their second matching marketing fund

specifically to the Arts District and brochure. While it is the same organization, the thought process is that they are two different programs.

Commissioner Grupp noted that historically the program has been geared toward districts; now they are potentially looking at themed events specific to the Downtown area. He asked whether there are already considerations for this possibility. Ms. Churchard said this was one of the ideas from the new Downtown Specialist. One example occurs on October 21st in partnership with Experience Scottsdale on Scottsdale Contemporary Month. The concept is to focus on art, architecture or food. The contemporary theme might be addressed through contemporary food and galleries coming together for a marketing program specific to the theme.

Commissioner Grupp commented that there is a limited pool and therefore the potential to max out after three events. Ms. Churchard stated that the Commission recommended last month and the Council approved another \$30,000 matching marketing program for Scottsdale Gallery. Other entities, such as the Entertainment District and 5th Avenue would have to raise half of the amount and then apply for it, knowing that they had the ability to match the dollar amount.

Staff will make the recommended changes and the item will be brought back for approval after review by the City Attorney's Office.

4. Multi-Year Community Event Funding Update: Parada del Sol Parade

Chris Lyman, Parada del Sol Parade, stated that the event is entering its 66th year, which began in 1951 as the sunshine festival. The event has garnered two awards: The Arizona Governor's Tourism Award for Outstanding Urban Tourism Partnership and the Arizona Chapter Cooper Anvil Award. The event will be held February 9, 2019, including pre-parade, parade and Trail's End Festival. The theme is being developed with an eye toward Arizona heroes. Last year for marketing and promotions, the event spent \$13,646 on print, radio and social media with an estimated value of \$39,000. In addition, they obtained free media and marketing coverage in print, radio, social media, audio/visual media and television with an estimated value of over \$118,000.

The eight-page "Stampede" insert was distributed to over 75,000 households and along the route before the parade. The Committee partnered with Merestone for a PSA production, which ran on Cox Cable and City Cable. As part of the agreement, the event provided promotional package giveaways for VIP seating and food and beverage tickets. They also partnered with Arizona Family (Channels 3 and 5), including streaming the entire parade and obtaining eight live weather segments on the morning of the event. Both the Scottsdale Independent and the Arizona Republic newspapers provided post-event slideshows on their website for those not able to attend.

For the 2019 event, the Committee will increase direct marketing expenditures to over \$17,000 to \$20,000, with the anticipated value between paid and free exposure to exceed last year's combined value of \$157,000. For the 2019 event, the number of entries will increase by 25 for a total of 150. Last year there were two new judging categories, including Best City Department Representation and Best School Representation. This year, they will be adding a multicultural award. The Committee will increase its

sponsorship dollars to \$43,000, representing an increase of \$10,000 to \$15,000 from last year.

5. ArtFest of Scottsdale Event Funding Request

Mr. Geiogamah stated that the event is applying for New Event Development funding. The event producer is requesting that two program criteria be waived for which staff seeks direction from the Commission:

The event is requesting \$15,000 which is below the \$30,000 to \$75,000 requirement
The event is under the time limit for submitting an application under 90 days.

Andrew Maguire, ArtFest of Scottsdale, stated that event is in its 25th year and takes place over two days at Civic Center Mall on the weekend before Thanksgiving. The event has become a major player in the Southwest art festival circuit. This year, the overpass above Drinkwater Boulevard has been blocked off, due to construction, rendering the center of the event unusable and dividing the ArtFest in half and causing the event to lose approximately one-fourth of its space. The City plans to build two temporary bridges on the north and south sides of the Mall, which will connect the two halves and allow the event to go forward again this year. Unfortunately, the inaccessible area is located in the center (between the two fountains) of one of the most popular areas of the event for artists and vendors. Andrew Maguire introduced the event founder, his father, Frank Maguire, who provided a history of the event from his personal perspective.

Andrew Maguire stated that the event is free to the public and is supported by volunteers. Community benefits include job creation for the Festival and community outreach with local artists. Decades of surveys provide important information on visitors and locals, including how many people are visiting and from what state, where they are staying locally, where they want to vacation and much more valuable information. Approximately 17 percent of attendees are from out of state. Currently, the Facebook event post has reached 300,000 views with over 22,000 stating interest in attending.

Commissioner Newman commented that this is a fantastic signature event that means so much to the City and its visitors. He expressed wholehearted endorsement.

In response to a question from Commissioner McKenzie Andrew Maguire confirmed that this is the first time the event has sought funding from the Commission. Commissioner McKenzie asked about the impacts to the total number of available booths. Andrew Maguire said that they event is losing approximately one-fourth of its booth space. In response to a question from Commissioner McKenzie, Andrew Maguire acknowledged that they would likely request funding next year if the bridge is not completed by then.

COMMISSIONER GRUPP MOVED TO RECOMMEND FUNDING FROM THE TOURISM DEVELOPMENT FUND IN THE AMOUNT OF \$15,000. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 5-0 WITH CHAIR DILLENBECK, COMMISSIONERS GRUPP, HENRY, NEWMAN MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

6. Sky Harbor Connection Program

Paul Basha, Transportation Director, stated that the program began last year as a pilot program to ascertain logistics for a future request for proposals. The dominant reason for the program is due to Scottsdale's fairly low ratings for group and convention tourist and business transportation. Visitors are at a disadvantage in terms of navigating Sky Harbor Airport. The rental car facility west of Sky Harbor is a beautiful facility, however, it is not a desirable journey from the Airport to the facility. After a traveler navigates to the rental car agency, they must drive from the facility through the industrial area and the airport before finally entering Scottsdale. Participating providers included Uber, Lyft and ExcuCar. Uber utilized its entire funding of \$110,000. Lyft used less than half of its \$52,700 funding and ExcuCar was obviously not equipped for this type of program. The purpose was not to ascertain ridership, but to understand logistics to prepare a request for proposals in the future.

The subsidy was \$10 per ride with only two rides allowed over six months per person. The predominate reason for Uber's extensive use was their business model. Uber provided the code to anyone who met the criteria:

- Live outside of Metropolitan Phoenix
- Traveling to or from Sky Harbor Airport
- Traveling from or to a City of Scottsdale hotel
- Any trip between an origin and a destination in the City of Scottsdale

Lyft understood the purpose of the program, which was to encourage people who were considering traveling to Scottsdale to actually make the decision to travel. Lyft provided additional information, including the top ten markets that used the program. Dominant ridership came from Los Angeles and San Francisco, which likely reflects the technological savvy of people from these areas.

The intent is to issue a request for proposals, interest or qualifications in the future. The goal will be very clear. That is to encourage travelers considering Scottsdale to actually follow through and make the trip. It will be the expectation that providers prove to the City that the program would be a benefit. In collaboration with Experience Scottsdale, the City wants to identify the markets where the advertising will occur and the subsidy code provided. The intent is to use the Lyft model for the pilot program, where only people who have received the code through the transportation provider will be given access. Based on the results thus far, \$10 seems to be an appropriate subsidy amount. The City will be seeking aggregate data of those who utilize the subsidy, the markets they are traveling from and the specific origins and destinations in the City of Scottsdale.

Chair Dillenbeck asked Mr. Basha whether the program should move forward. Mr. Basha said at this moment it should not. What should move forward is an exploration in collaboration with transportation providers. Other providers with interest have already contacted the Department.

7. Staff Reports

- a. Staff Bed Tax Collection Report**
- b. Staff Bed Tax Hotel Classification Report**
- c. Bed Tax Proforma**
- d. Program Updates**

Mr. Geiogamah reported negative collections for the period and year-to-date for bed collections, which were down 5 percent for July and 2 percent year-to-date. The tax audit department has reported that this is due to the timing of payments. Retail and tax collections are down 2 percent. Restaurants were up 13 percent. The report contains formatting changes, including expense allocations year-to-day for programs, including:

- Matching Event Advertising
- Community
- Event Venue

Expenses were also updated, including the ride share program at \$159,000. Chair Dillenbeck noted that the original allocation was \$300,000. Ana Lia Johnson clarified that only the \$159,000 has been expended and that the projected total amount of \$300,000 has not been provided in advance.

In response to a question from Chair Dillenbeck, Ms. Churchard confirmed that the Old Town Matching marketing funds are part of the \$1.5 million promotion of Downtown.

Mr. Geiogamah addressed the August Smith Travel Report, noting that over the past 12 months, occupancy was up 1.8 percent. Average daily rate was also up 1.5 percent at \$197.76 and Revpar continues to trend up. The transient category was up 5.8 percent with average daily rate also up 1.5 percent. Group occupancy was down 4.4 percent and Average daily rate was up.

Chair Dillenbeck asked if hoteliers have thoughts on group business for the future. Commissioner McKenzie commented that demand is flat and asked Ms. Sacco for insights. Rachel Sacco, Experience Scottsdale, commented that they are receiving a great deal of optimism for the whole of 2018 and moving into 2019. Experience Scottsdale's bookings and leads are growing. They are making a concerted effort to fish for new business. Twenty-six percent of leads are resulting in new business to Scottsdale. Of those attending familiarization programs, 32 percent of attendees have not been to Scottsdale.

Ms. Churchard announced that Rose Rimsnider has retired from the City of Scottsdale. The position has been offered to an internal candidate. She referred to a flyer for Scottsdale Stadium, which was created by the Community Services Department. The piece was encouraged by Commissioner Camille Hill to be available for distribution at the Experience Scottsdale booth at a Las Vegas event.

8. Public Comment

There were no public comments.

9. Identification of Future Agenda Items

Mr. Geiogamah announced the next meeting date for November 20th. Staff is working to schedule an update with Longwoods Travel USA for their 2018 report. Another topic will be the return to sample survey, which will be completed in June of 2019.

Staff will also be providing information on internal transportation issues in Scottsdale.

A presentation will be scheduled on the Museum of the West marketing plan, however the timeline for the update has not been established. Chair Dillenbeck commented that it might be helpful to wait until they are six months into the plan before they report to the Commission.

Mr. Geiogamah stated that an off-road expo event funding agreement will likely be presented in November. There will also be a stadium update and review. The stadium report will be provided in two-parts construction and financial.

A community event long term agreement presentation is a possibility, as is the matching program.

Chair Dillenbeck requested a discussion on Super Bowl funding. Ms. Churchard agreed to schedule this item.

10. Adjournment

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:55 a.m.

AYES: Chair Dillenbeck, Commissioners Grupp, Henry, McKenzie and Newman

NAYS: None

SUBMITTED BY:

eScribers, LLC